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CFP Board missteps, LPL Financial's legal woes: Top news October 2024
By Frank Gargano
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In October's roundup of pressing issues in the wealth management space, learn more about the CFP Board's problematic advertising campaign, LPL Financial's ongoing recruitment court battles against rival Ameriprise and more.

Click here to read September's compilation of top news items.

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Not just AUM: Edward Jones embraces financial planning for a flat fee
Article by Dan Shaw

Edward Jones is becoming a pioneer among large wealth managers with a business model allowing its advisors to offer a comprehensive financial plan in return for a flat, annual fee.

The St. Louis-based firm announced last month roughly 600 of its advisors will be able to start providing certain clients with comprehensive financial plans for $3,600 a year. The services will go beyond the usual investment recommendations paid for by asset management charges and extend to estate and tax planning, wealth transfers, protections against risk and advice on general life goals.

"For the first time, Edward Jones financial advisors will be able to deliver comprehensive financial planning and will be compensated accordingly for their time and effort to build and maintain a financial plan," said Lena Haas, Edward Jones' head of wealth management advice and solutions.

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Schwab, crypto, alleged fraud and an elderly couple's $18.5M loss
Article by Dan Shaw

Charles Schwab may have a big elder fraud problem on its hands.

For the third time in less than two months, Schwab and its affiliates have been accused of doing virtually nothing to prevent scammers from draining its clients' accounts of their retirement savings. The latest case, filed on Oct. 23 in federal district court in Northern California, alleges Schwab stood idly by while bad actors directed an elderly Los Angeles County couple to take nearly $30 million out of their accounts and transfer much of it to a cryptocurrency exchange via Bank of America.

Ultimately, $18.5 million of that was converted into crypto and sent to the scammers, making it likely unrecoverable, according to the suit.

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New CFP Board ads incite fierce backlash from advisors
Article by Rob Burgess

A series of CFP Board ads promoting the financial advisor profession to students received swift backlash from those in the industry who say it gives false expectations to those considering the career while sullying the reputations of those already in it.

"Becoming a financial advisor gives you the flexibility to manage your own time," read one such ad, which appeared on Facebook. The ads show young people alternately sleeping on a couch, enjoying a bubble bath, closing their eyes on a massage table and reading on a hammock and couch, among other leisurely poses.

CFP Board Chair Matthew Boersen said the nonprofit organization spent "in the six figures" on its "Quite Possibly the Perfect Job" digital campaign, "which is typical for campaigns of this nature."

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Wells Fargo puts targets on low producers in 2025
Article by Dan Shaw

Wells Fargo plans to turn up the heat a little on advisors with low revenue production or small household accounts while making few other changes to its compensation policies.

In a memo released on Oct. 16, the San Francisco-based wirehouse also outlined plans to make it a little easier for top-producing advisors to receive additional compensation rewards for meeting annual goals for net new assets. At the same time, Wells' memo calls for leaving central parts of the firm's current payment grid intact for the fourth year in a row.

The one big change will be for advisors who have eight or more years of experience and are now bringing in less than $300,000 in annual revenue for the firm. Wealth managers in that category now get to keep 15% of any revenue they produce under $13,500 in a month and 30% for anything above that. But if they manage to meet or exceed that $300,000 threshold, those payout rates increase to 22% and 50%, respectively — giving advisors a strong incentive to increase their revenue production.

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LPL terminates CEO over failing to maintain respectful workplace
Article by Financial Planning staff

LPL Financial CEO Dan Arnold has lost his job over failing to maintain a respectful workplace, the firm announced last month.

Arnold, who has held the top spot at the independent broker-dealer since 2017, was let go by a special committee of firm directors following an investigation by an outside law firm. The firm found that statements Arnold had made to employees violated the firm's code of conduct.

"LPL's Code of Conduct requires every employee, no matter their title, to foster a supportive and professional workplace and show respect to each other, our stakeholders and the broader community," James Putnam, chair of LPL's board of directors, said in a statement. "Mr. Arnold failed to meet these obligations."

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More financial advisors are using non-AUM fees. Here's how.
Article by Tobias Salinger

Securities regulators often pose questions to registered investment advisory firms that use alternative fee models to the industry's traditional 1% of assets under management. So financial planner Carolyn McClanahan, the founder of Jacksonville, Florida-based registered investment advisory firm Life Planning Partners, was well-prepared for her first audits by state regulators and the Securities and Exchange Commission, she recalled.

McClanahan and her team keep records documenting their services, which comes in handy around examination time. One state auditor seemed especially impressed after her first exam years ago, she noted in a panel at the Strategy Forum conference held last month in Chicago by professional networking and development organization the Investments & Wealth Institute.

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LPL calls Ameriprise recruiting suit 'public relations stunt'
Article by Dan Shaw

LPL Financial is firing back at its rival Ameriprise's wholesale legal indictment of its recruiting methods, calling an ongoing court challenge "a public relations stunt masquerading as a lawsuit."

LPL on Oct. 17 filed a motion in federal court in San Diego opposing Ameriprise's previous request for a preliminary injunction seeking to bring a halt to some of its recruitment practices. Ameriprise has contended LPL's recruiting methods reveal a "widespread pattern and practice of harvesting and misappropriating

Ameriprise's private, confidential client information and trade secrets."

In its reply later that day, LPL argued that Ameriprise's accusations rest on a meritless and "cynical" misportrayal of how recruiting deals typically take place between independent broker-dealers. It also warns that victory for Ameriprise could have a chilling effect on independent advisors' long-cherished ability to move from one firm to another.

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CFP Board updates ads after backlash from advisors
Article by Rob Burgess

After withstanding harsh blowback from advisors, the CFP Board has revamped its "Quite Possibly the Perfect Job" digital advertising campaign.

Many in the industry reacted poorly to the campaign, saying it gave false expectations to those considering the career while sullying the reputations of those already in it. In response to the ads, some advisors co-opted the theme of the CFP Board ads and posted their thoughts with the #quitepossiblytheperfectjob hashtag on social media.

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Here are the election outcomes financial advisors are hoping for
Article by Rob Burgess

Two weeks prior to Election Day, financial advisors weighed in on which federal candidates and parties they hope will win.

Financial Planning polled 213 respondents for its Fall 2024 Election Survey and asked which election outcome would be best for the country overall. And while there were some deviations, the overall picture remained roughly the same among various races.

For the presidency, 54% picked Republican former President Donald Trump over Democratic Vice President Kamala Harris, who garnered 38%.

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Ameriprise: LPL poached private data on 4,500 former clients
Article by Dan Shaw

For nearly four years, LPL helped at least 30 former Ameriprise advisors use an internal system to upload information for thousands of their ex-clients before that practice was abandoned in early 2022.

That's according to testimony from an LPL executive last month in her firm's

ongoing recruiting dispute with its independent broker-dealer rival Ameriprise. In a legal declaration filed on Oct. 24 in federal court for the southern district of California, LPL vice president of business transitions Candi Sinquimani provided a list of 30 advisors who used what's known at LPL as a "bulk upload tool" to import client information for more than 4,500 clients they had worked with while at Ameriprise.

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